

## Community resources

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## Viewing cable 07MANAGUA357, ORTEGA ACTIONS TEST TRIPWIRES

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them](#) with others. See also the [FAQs](#)

### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#07MANAGUA357**.

Reference ID	Created	Released	Classification	Origin
<a href="#">07MANAGUA357</a>	<a href="#">2007-02-07 14:52</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Managua</a>

Appears in these articles:

<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758456.aspx>  
<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758467.aspx>  
<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758468.aspx>  
<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758464.aspx>  
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<http://www.confidencial.com.ni/articulo/3966/la-ldquo-injerencia-rdquo-de-ee-uu-en-el-2006>  
<http://www.nacion.com/2011-05-23/Mundo/Relacionados/Mundo2758764.aspx>  
<http://www.nacion.com/2011-05-23/Mundo/NotaPrincipal/Mundo2758753.aspx>  
<http://www.confidencial.com.ni/articulo/4041/millones-de-dolares-sin-control-y-a-discrecion>  
<http://www.confidencial.com.ni/articulo/4040/la-ldquo-injerencia-rdquo-de-venezuela-en-2006>  
<http://www.confidencial.com.ni/articulo/4047/rodrigo-barreto-enviado-de-ldquo-vacaciones-rdquo>  
<http://www.nacion.com/2011-05-16/Mundo/NotasSecundarias/Mundo2757239.aspx>  
<http://www.nacion.com/2011-05-16/Mundo/NotaPrincipal/Mundo2746658.aspx>  
<http://www.nacion.com/2011-05-16/Mundo/Relacionados/Mundo2757244.aspx>  
<http://www.nacion.com/2011-05-16/Mundo/Relacionados/Mundo2746673.aspx>  
<http://www.confidencial.com.ni/articulo/3991/dra-yadira-centeno-desmiente-cable-diplomatico-eeuu>  
<http://www.confidencial.com.ni/articulo/3968/pellas-pronostico-a-eeuu-victoria-de-ortega-en-2006>  
<http://www.confidencial.com.ni/articulo/3967/barreto-era-ldquo-fuente-confiable-rdquo-para-eeuu>

PP RUEHLMC  
DE RUEHMU #0357/01 0381452  
ZNY CCCCC ZZH  
P 071452Z FEB 07  
FM AMEMBASSY MANAGUA  
TO RUEHC/SECSTATE WASHDC PRIORITY 9008  
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY  
RUEHCV/AMEMBASSY CARACAS PRIORITY 0943  
RUMIAAA/CDR USSOUTHCOM MIAMI FL PRIORITY  
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHEHNSC/NSC WASHINGTON DC PRIORITY  
RHEFDIA/DIA WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 04 MANAGUA 000357

SIPDIS

SIPDIS

WHA A/S THOMAS A SHANNON, WHA/CEN

E.O. 12958: DECL: 02/07/2017

TAGS: [PGOV](#) [EFIN](#) [KDEM](#) [MARR](#) [NU](#) [PARM](#) [PINR](#) [PREL](#) [PTER](#)  
ECON

SUBJECT: ORTEGA ACTIONS TEST TRIPWIRES

REF: A. MANAGUA 329

[1](#)B. MANAGUA 323  
[1](#)C. MANAGUA 268  
[1](#)D. MANAGUA 242  
[1](#)E. MANAGUA 241  
[1](#)F. MANAGUA 225  
[1](#)G. MANAGUA 182  
[1](#)H. MANAGUA 179  
[1](#)I. MANAGUA 177  
[1](#)J. MANAGUA 157  
[1](#)K. MANAGUA 155  
[1](#)L. MANAGUA 140  
[1](#)M. MANAGUA 106  
[1](#)N. 2006 MANAGUA 2611

Classified By: Ambassador Paul A. Trivelli. Reasons 1.4 (B,D).

[1](#)1. (C) SUMMARY/INTRODUCTION: With less than one month in office, President Daniel Ortega and Sandinista National Liberation Front (FSLN) lawmakers have already touched off a number of our tripwires and placed opposition parties and civil society, international financial institutions (IFIs), and much of Nicaragua's democratic-leaning diplomatic community on the alert (Reftels). While Ortega's actions probably are partially attributable to disorganization and inexperience, he also appears bent on gaining total control over Nicaragua's powers of state and the national budget. We expect the Nicaraguan government (GON) will continue to test at every opportunity to determine just how far it can go without being blocked by the opposition in the National Assembly or by foreign leverage. Despite these warning signs, however, opposition parties and civil society have yet to raise the alarm, while much of the private sector does not yet appear willing to challenge Ortega so long as he does not infringe upon their business interests.

[1](#)2. (C) Our primary bilateral objectives are to protect U.S. citizens and their interests; keep Nicaragua on a just, democratic, market economy path; ensure the GON's foreign policies do not endanger our interests; and, obtain Ortega government cooperation in combating arms, narcotics, and people trafficking/smuggling. To this end, we are exploring ways to help our Nicaraguan friends, and where appropriate, encourage Nicaragua's neighbors and other international actors to help keep Nicaragua on course. Over the next weeks and months, we will continue to engage the new government, use our leverage when appropriate, and encourage opposition sectors to find common ground and purpose -- an essential front to contain Ortega's inclinations towards authoritarianism. We are forwarding a more detailed matrix

to the desk. END SUMMARY/INTRODUCTION.

PROTECTING U.S. CITIZENS AND INTERESTS  
- - - - -

¶3. (C) Our paramount objective is protecting U.S. citizens and their property and investment interests in country, as well as the mission's locally engaged staff (LES). Tripwires include the systematic legal or administrative harassment of our diplomatic mission employees including LES, and/or other U.S. citizens; an unjustified or inexplicable slow-down in resolution of outstanding property cases, increased resistance to resolving them, or new property seizures; and, harassment/unjustified legal proceedings against, or taxation of, U.S. firms, or seizures of company assets.

¶4. (C) Thus far, we have not seen indications that the GON is engaged in systematic harassment. Indeed, the Ortega government appears to understand that it cannot cross these red lines. According to Nicaraguan Ambassador-designate to the United States, Arturo Cruz, President Ortega is closely following a highly visible legal case involving U.S. citizen Eric Volz (Ref. A) and is intent on ensuring Volz' rights are protected.

ENSURING GON MAINTAINS SOUND ECONOMIC POLICIES, FREEDOMS  
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¶5. (C) Our economic objectives vis-a-vis Nicaragua include the following: GON maintains sound macro-economic policies; GON maintains free floating currency with no restrictions on the repatriation of profit for foreign companies; the national budget reflects sound management of resources and

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increases transparency in the administration of spending programs; Nicaragua renews the IMF agreement; Nicaragua remains in CAFTA and derives significant benefits; GON maintains a significant role for the private sector in the energy and telecom sectors; GON fosters transparency and justice through commercial law and investment.

¶6. (C) The GON's announcement late January that it will "consolidate" ministerial advertising budgets and manage them through First Lady Rosario Murillo's Communications and Citizenship Council violates Law 612 (which stipulates that councils will have no part of the national budget and no authority over the ministries) and appears to be Murillo's ploy to control government messages, reward malleable media outlets, and punish those who do not submit to self-censorship. Airport and customs contacts tell us that Ortega has instructed these entities to deposit their revenues directly into a presidential "discretionary" fund, thereby violating Law 550 on Budget Administration. (Note: According to the IMF, they are being asked to significantly increase the percentage of their revenues going to GON coffers -- the presidential fund is a reality.) Ortega's public criticism of the IMF raised some eyebrows, although Central Bank President Antenor Rosales and Vice President Jaime Morales have publicly clarified that Nicaragua will seek an IMF agreement (Ref. B).

¶7. (C) While Ortega makes frequent reference to the need to "adjust" CAFTA's "asymmetries," he has also requested Ambassador-designate Arturo Cruz to provide him with evidence that CAFTA works (Note: Embassy forwarded materials to Cruz on February 5). However, the GON's talk of reviewing private production in the energy and telephone sectors has caused Victoria/Tona Brewery to abandon plans to consider entering the energy sector. Also of concern are indications of FSLN pressure on businesses to "toe the line" and contribute to the party or lose legal status. Sources claim that following the November election, Sandinista Chinandega and Leon mayors met with major business leaders in those areas and implied that business licenses might be "re-examined" if they did not make donations to the Sandinista party.

ENSURE GON FOREIGN POLICY DOES NOT ENDANGER OUR INTERESTS

18. (C) We reported previously our expectations that President Ortega will maintain close ties with leftist allies like Muammar Khadaffi, Fidel Castro, Hugo Chavez (Ref. N). He will be especially vulnerable to Chavez and Khadaffi's influence, as they both helped bankroll his campaign and Chavez has promised the new government millions of dollars through a number of development agreements. We will engage the GON on any policies or actions that could endanger our critical foreign policy concerns and interests, specifically regarding Cuba, Venezuela, Central America, Iraq, Iran, Libya, Israel-Palestine, North Korea, Taiwan, and China. (Note: Nicaragua owes Libya \$286 million in debt. Libya is the largest non-Paris Club creditor. Negotiations to forgive the debt have been unproductive so far. Iran holds \$152 million of Nicaragua's debt, the fifth largest creditor. While Iran has promised to look into forgiveness, no concrete action has been taken thus far.)

19. (C) In this vein, Ortega's appointment of Libyan-Nicaraguan Mohammad Lashtar as his personal secretary, who will enjoy ambassadorial status and handle international affairs, is disconcerting (Refs. D, K). Further, Iranian President Ahmadinejad's visit to Nicaragua on the heels of Ortega's January 10 inauguration, and Iran's and North Korea's plans to open embassies in Managua rattled the tripwires (Refs. F, M). An immigration official has warned us that Cubans have started working in Nicaragua's immigration offices. We have also heard that some 10,000 Cuban teachers and health workers are scheduled to assist the new Ortega government with its efforts to improve these vital social sectors. Likely, some of these workers will attempt to indoctrinate their publics against the United States and democracy. Additionally, we have received reports that Venezuelan soldiers are in the North Atlantic Coast Autonomous Zone (RAAN) in preparation for re-building the Puerto Cabezas-Rio Blanco road (Ref. C). We will carefully monitor these developments, assess their impact on our interests and assistance programs, and engage GON officials

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on these issues as appropriate.

ENSURE DEMOCRATIC CONTINUITY, DEFEND BASIC FREEDOMS

10. (C) While we believe the Ortega government is likely to exercise more caution in setting off economic tripwires and will step back if it meets resistance from the IFIs and domestic and foreign investors, Ortega has already touched a number of tripwires concerning Nicaragua's democratic continuity and its protection of basic freedoms. Our democracy and human rights objectives include the following: GON maintains checks and balances in government powers; GON protects basic freedoms/space, including freedom of expression and assembly; education remains apolitical; independent media functions unencumbered; domestic and foreign cultural diversity respected; GON reforms civil registry, voter roster (padron), and national ID issuance; CSE professionalizes its functions to benefit equally all Nicaraguans regardless of political affiliation; all eligible citizens are allowed to vote.

11. (C) Only days following his inauguration, Ortega hastened to ram through revisions to Laws 290 and 228 (covering the Executive's administrative authority and the National Police, respectively), which would serve to consolidate his power and establish new national councils that would oversee ministries (Ref. E). Even before proposing the revisions, the presidency issued a decree granting these authorities. Although the final outcome -- Law 612 -- was less draconian than the original draft, the new law consolidates somewhat the President's power.

Further, during the last week in January, the Ministry of Finance announced that Murillo's Council will assume oversight of all ministerial advertising budgets, in clear violation of Laws 612 and 550. A few media outlets have noted a decline in GON paid advertisements to non-pro-FSLN/GON media and many fear censorship and a decline in government advertising.

¶12. (C) While the Ortega government appears determined to consolidate power, it also avoids transparency -- as evidenced by the National Assembly's continuing reluctance to pass a freedom of information bill, which would provide the public information on government activities. On the other hand, the Assembly has dragged its feet on revising the section of the Assembly's Ways and Means Law allowing legislative committees to summon domestic and foreign residents for questioning on any topic and for any reason (failure to comply could lead to a jail sentence). We have also read that Sandinista-affiliated unions, like Fetrasalud, are being instructed to refrain from striking and collective bargaining, and were given a copy of a letter to this effect.

¶13. (C) The Minister of Education's announced plans to "reform" curriculums and change textbooks and teaching materials are also disturbing, as they suggest that the new government may politicize Nicaragua's education system, akin to the 1980s Sandinista era. The indication that Cubans will send teachers for Ortega's literacy and education campaigns lends credence to these concerns. The Ortega government's decision to adopt a new official government seal that is reminiscent of the Sandinista campaign mottos and colors as well as their tendency to hold official state meetings at Ortega's party headquarters/residence are evidence of the GON's attempts to blur the divisions between party and state.

#### RULE OF LAW - - - - -

¶14. (C) Our priorities in the rule of law field include the following: Judges are appointed based on merit, not political affiliation; court sentences are non-partisan, not swayed by bribery; civil servants' rights and continuity on the job are protected; Liberal Constitutional Party (PLC) henchman/felon Arnoldo Aleman is not released or pardoned; and, court and other appointments are made according to merit, not their pact association.

¶15. (C) According to Ministry of Government contacts, employees have been summoned, required to explain their programs, and then summarily instructed to submit their resignation letters. In other cases, employees are given

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additional work requirements and ordered to work long hours. In the National Assembly, a number of advisors' contracts are not being renewed. (Comment: In response to our suggestion, the Assembly Labor Committee will review these cases.)

#### SECURITY AND DEFENSE COOPERATION - - - - -

¶16. (C) Our security and defense interests follow: Immigration, Police, Military, National Assembly, Judiciary cooperate with U.S. counterparts and enforce relevant Nicaraguan laws/regulations; GON relations with third countries hostile to our interests do not endanger our security; counter-narcotics/money laundering unit formed and operating; court rulings on trafficking cases are non-partisan and not influenced by bribery; GON destroys remaining MANPADS stocks (1,051); Assembly passes Counter-terrorism Law; security forces remain independent; GON does not establish parallel security forces; military maintains its leadership and appointments are made according to seniority and merit, not political affiliation; the military does not suppress peaceful demonstrations and police maintain their proper role; and, the GON does not resort to



martial law.

¶17. (C) Since the onset of Ortega's presidency, we have received less cooperation from airport authorities, who appear to be responding to instructions from the Presidency. Reports of Cubans working in Immigration are also reasons for concern, as is President Ortega's February 2 announcement that he will not support MANPADS destruction because Honduras has received eight U.S. planes. (Comment: Embassy issued a communique on 4 February clarifying that the small, two-seat spotter planes are to help combat narco-trafficking and disaster assistance, and funded through Honduras' FMF allocation.)

COMMENT

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¶18. (C) We expect the Ortega government will continue to test at every opportunity just how far it can go without being blocked by the opposition in the National Assembly or by foreign leverage. Despite the warning signs, however, opposition parties and civil society have yet to raise the alarm, while much of the private sector does not appear willing to challenge Ortega so long as he does not infringe upon their business interests. While we can draw on legal instruments and our assistance programs to attempt to check Ortega's excesses, Nicaraguan political, civil, and private sector opposition leaders must take ownership, set the course, and speak out. We are examining ways to assist our friends in this effort. We must also engage where appropriate, Nicaragua's neighbors and other international actors to encourage them to help keep Nicaragua on a democratic, market economy path. Over the next weeks and months, we will continue to engage the new government, judiciously use our leverage, and encourage opposition sectors to find common ground and purpose -- an essential front to contain Ortega's inclinations towards authoritarianism. We are forwarding a more detailed matrix to the desk.

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